

19 November 56

THRU : St/I/R
Chief, D/S
Chief, S/CST

REF : Your request for evaluation of attached section of State Despatch
#209, Hong Kong

The "Capital Construction" portion of the despatch was well done. It revealed that this aspect of the Chinese Communist economy is continuing to receive adequate attention by State's reporters. The following comments should not detract at all from the value of the report.

1. Correction. Page 5 states that as of April 1956, there were 205 Soviet Aid projects. Actually there were and are 211 (the original 156 plus an additional 55). However, two are research institutes and four are enlargements and second phase construction items. State may have been considering only new industrial items.

2. Information. The annual production capacity of the Kung-yuan cement plant at Pen-ch'i is around 150,000 tons.

3. Information. State's comments on the volume of construction and its concentration in the final quarter of 1956 have been borne out. Again, as in preceding years, the final months of 1956 are seeing an acceleration process in construction throughout Communist China.

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